

**U.S. Department of Justice**  
*United States Attorney*  
*Western District of New York*

*Further inquiries: (716)843-5814*

---

*138 Delaware Avenue*  
*Buffalo, New York 14202*

# **PRESS RELEASE**

August 4, 2005

**RE: UNITED STATES v. BARBARA SZCZUBLEWSKI**

Acting United States Attorney Kathleen M. Mehlretter announced that Barbara Szczublewski, 43, of Lancaster, New York, was sentenced yesterday by United States District Judge William M. Skretny to three months home detention, four years probation and ordered to make restitution in the amount of \$25,394.

Assistant U.S. Attorney Gregory L. Brown stated that on April 6, 2005, Szczublewski pled guilty to participating in a scheme that falsely consolidated \$3.8 million in defaulted federal student loans and in doing so, earned bonus compensation from her employer, NCO Financial Systems, Inc, (NCO), located in Getzville, New York.

To date, two additional defendants, Martina Brown, of Buffalo, NY and Melissa McKeever, of Lockport, NY, have pled guilty and have been sentenced in connection with the scheme.

Investigation disclosed that Ms. Brown, Ms. McKeever, and Szczublewski fraudulently consolidated \$3.8 million in defaulted federal student loans and in doing so, earned bonus compensation from their employer. According to the plea agreements signed by the three defendants, they created numerous Direct Loan consolidation applications in the names of various defaulted federal student loan borrowers, and forged the signatures of those borrowers on the applications between January 2002 and November 2003.

In furtherance of the scheme, the defendants made fictitious entries into NCO's computer system, falsely claiming that contact had been made with the borrowers. The loan consolidation applications made it appear that the defaulted borrowers had entered into formal repayment agreements. The defaulted borrowers had neither agreed to, nor authorized NCO to make any such loan consolidation arrangements. The defendants also changed the permanent addresses of the borrowers in the NCO collection history system in an attempt to avoid detection.

The United States Department of Education paid compensation in excess of \$650,000 to New York Higher Education Services Corporation (NYHESC), the guarantor of the defaulted federal student loan accounts, on behalf of the fraudulent consolidations. NYHESC in turn, paid compensation in the excess of \$350,000 to NCO.

The plea was the culmination of a joint investigation on the part of the United States Department of Education, Office of the Inspector General, under the direction of Inspector General John P. Higgins, Jr., and the Federal Bureau of Investigation, under the direction of Special Agent in Charge Peter Ahearn.

\* \* \*